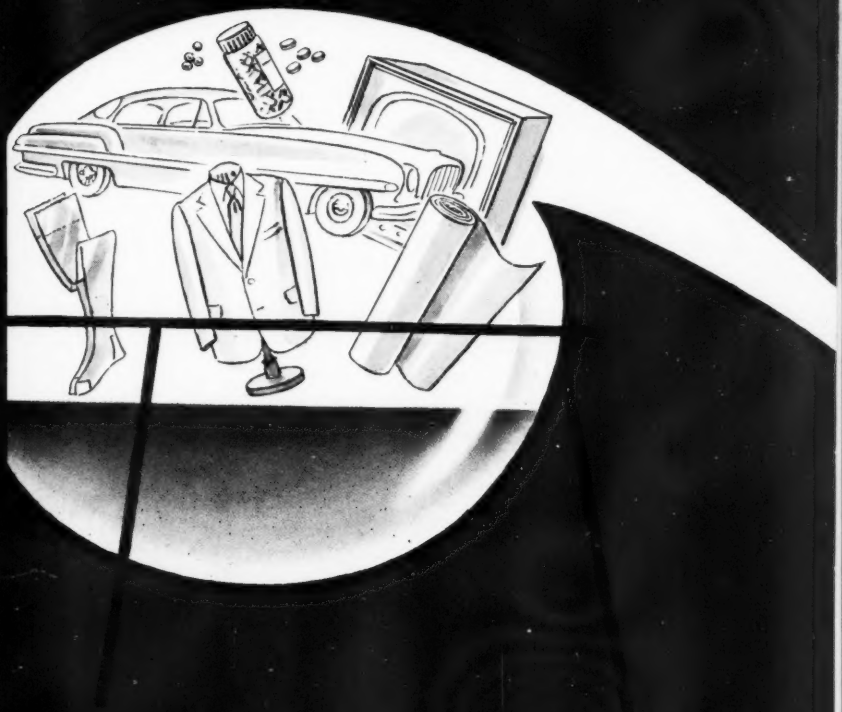
EXCHANGE



xd

DIVIDEND announcements are usually routine news. They contain the amount of the dividend, the date the dividend is payable and the record date—probably most stockholders take such announcements with the mental comment: "Well, there's one more dividend."

Behind the scenes of such routine news, though, there's a little work to be done. For example:

Let's say that on May 1 the directors of the XYS Corp., a company owned by 300,000 people, vote a dividend of $1 a share on the 5,000,000 shares outstanding. The directors state that the $1 will be payable June 1 to holders of record at the close of business on May 10, 1954.

Record Date

This means that anybody who is recorded as an owner of the company after May 10 does not receive this particular dividend. The company then has a specific list of people who will receive this dividend—and has from May 11 to June 1 to accomplish the tremendous job of writing and mailing dividend checks, of varying amounts, to 300,000 people.

On May 5, in the stock tables published by newspapers throughout the country, the abbreviation "xd" will appear after XYS Corp. "xd," according to footnotes at the bottom of the table, means "ex-dividend." In other words, to get the dividend you'll have to buy your shares before May 5.

"But why May 5? You just said the record date for the dividend payment was May 10."

Delivery Time

The Stock Exchange, the answer is, allows three full business days prior to the record date for the actual mechanics of delivering stock and transferring the stock certificates—which, incidentally, is arranged by your broker. So to be a holder of record May 10 you would have to buy the stock on May 4, at the latest. May 10 is a Monday, May 8 and 9 (Saturday and Sunday) are not considered full business days, so Wednesday, May 5, would be the third full business day prior to the May 10 record date.

Ownership of stock can be transferred on the same day it is purchased but only if special arrangements are made.

And, by the way, ex-dividend is not to be confused with extra dividend.

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THE Answer To Competition

By KENNETH HAYES

WHEN Eli Whitney invented the cotton gin in 1792—the same year that the New York Stock Exchange came into existence—he was strictly on his own.

Today's inventor is more fortunate. Often he is a member of a research and development team whose efforts are directed—and financed—by a large corporation owned by thousands of people.

"The premium is on human ingenuity still," E. I. du Pont de Nemours & Company points out. "but every effort is made to free the creative scientist of detail, the better to concentrate his time and thought on the problem at hand. Professionally-staffed libraries, analytical laboratories, machine shops, and the team efforts of hundreds of technicians—lab helpers, electricians, glass blowers, instrument specialists, carpenters, welders and others—all are vital elements in modern research."

Why do the nation's corporations spend vast sums year after year on research and development?

Competition!

Eli Whitney and his cotton gin.

In its study, "Big Business in a Competitive Society," The Brookings Institution found that: "Customers have learned, because sellers are continually vying for their patronage, to demand more and more. Their allegiance is seldom permanent; their appetites must be constantly whetted. * * * The most powerful and effective form of Big Business competition is innovation. The search for new

E. I. du PONT de NEMOURS & CO.

Year	Research Expenditures	Sales	Ratio Research to Sales	Net Profit	Ratio Research to Net Profit	Year End Price of Common
1953	$57,000,000	$1,749,641,210	3.3%	$235,565,266	24.2%	$107⅜
1952	52,000,000	1,602,239,431	3.2	224,064,550	23.2	96⅝
1951	47,000,000	1,531,128,120	3.1	220,743,811	21.3	92
1950	38,000,000	1,297,473,345	2.9	307,601,913	12.4	84
1949	33,000,000	1,024,775,280	3.2	213,672,141	15.4	61⅝
1948	31,000,000	968,731,015	3.2	157,445,622	19.7	46⅛[a]
1947	26,700,000	783,405,434	3.4	120,009,760	22.2	46¾[a]
1946	26,000,000	648,703,181	4.0	112,619,706	23.1	47⅝[a]
1945	N. A.	631,575,414	—	77,521,007	—	46½[a]
1944	N. A.	646,168,395	—	80,870,106	—	38⅞[a]

[a]Adjusted for stock dividends, splits, etc. N. A.—Not available.

higher-margin items is continuous and virtually instinctive among competitors, small as well as large. The little hardware store or drugstore is on the lookout for specialties to sell. So the large companies strive constantly to 'sweeten the margin' by developing something new, to give them the jump on competitors and the rewards of being first."

History doesn't record how much Eli Whitney spent to build the first cotton gin, but it probably was only a few hundred dollars.

Contrast that with the cost of some modern inventions: In 1951, du Pont disclosed that, years earlier, research costs were "modest" when a research worker started spinning filaments of a new polyester synthetic fiber. Only the time of one or two technical men and a few helpers was involved.

Once over the spinning hurdle, however, the new fibre—today the public knows it as "Dacron"—was overtaken by a whole series of problems—and:

"Each new success raised the ante, as more technical men were called upon to check and improve

AMERICAN CYANAMID COMPANY

Year	Research Expenditures	Sales	Ratio Research to Sales	Net Profit(1)	Ratio Research to Net Profit	Year End Price of Common
1953	$20,317,000	$380,393,340	5.3%	$27,472,697	74.0%	$47⅝
1952	18,844,000	368,408,345	5.1	26,611,777	70.8	53⅞
1951	15,657,000	388,716,990	4.0	34,788,084	45.0	59⅜[a]
1950	12,330,000	322,338,188	3.8	33,739,401	36.5	36¼[a]
1949	10,333,000	237,730,655	4.3	16,149,513	64.0	25⅜[a]
1948	10,482,000	231,992,219	4.5	11,875,090	88.3	19¼[a]
1947	11,510,000	214,581,400	5.4	9,156,249	125.7	20[a]
1946	8,880,000	178,952,811	5.0	8,692,881	102.2	27½[a]
1945	6,890,000	159,053,405	4.3	5,963,504	115.5	24¼[a]
1944	5,885,000	165,455,992	3.6	6,404,349	91.9	19½[a]

[a]Adjusted for stock dividends, splits, etc. (1) Excludes subsidiaries which are 50% owned or less.

UNION CARBIDE & CARBON CORP.

Year	Research Expenditures	Sales	Ratio Research to Sales	Net Profit	Ratio Research to Net Profit	Year End Price of Common
1953	$34,000,000	$1,025,833,041	3.3%	$102,783,442	33.1%	$74¼
1952	29,000,000	956,931,021	3.0	98,320,699	29.5	71⅝
1951	22,000,000	927,519,805	2.4	103,889,711	21.2	63⅜
1950	19,000,000	758,253,539	2.5	124,111,851	15.3	55⅛
1949	18,000,000	585,781,441	3.1	92,210,192	19.5	44⅝
1948	15,000,000	631,619,557	2.4	102,335,053	14.7	41⅛
1947	14,000,000	521,844,814	2.7	75,666,792	18.5	34⅜[a]
1946	12,000,000	414,988,316	2.9	57,206,352	21.0	32¼[a]
1945	10,000,000	481,521,285	2.1	37,889,526	26.4	33¾[a]
1944	9,000,000	507,919,427	1.8	34,480,584	26.1	26½[a]

[a]Adjusted for stock dividends, splits, etc.

weaving or finishing characteristics, dyeability of the fiber, and a host of other details. By the time process development engineers had a small pilot plant process running, research costs had begun to snowball.

"In total, the money risked by du Pont in this single new product now exceeds $6,000,000.

"This may easily be increased by an investment of several times that amount in a full-scale plant before the company can ever be really sure that it has something useful and profitable."

It would be impossible to exaggerate the role that corporate research has played in boosting America's living standards to the highest in the world.

In the struggle for the consumer dollar, corporations seek greater productivity, better products and lower prices. To improve existing products, find new ones and cut production costs, companies spend millions every year on research.

Out of these huge research expenditures have come television, plastics, miracle drugs and other inventions and refinements which

STANDARD OIL COMPANY (NEW JERSEY)

Year	Research Expenditures	Sales	Ratio Research to Sales	Net Profit	Ratio Research to Net Profit	Year End Price of Common
1953	$29,000,000	$4,137,745,382	0.7%	$552,825,969	5.2%	$72
1952	27,000,000	4,050,819,349	0.7	519,981,109	5.2	77¾
1951	23,100,000	3,785,989,965	0.6	528,460,779	4.4	75¾
1950	20,100,000	3,134,557,900	0.6	408,223,223	4.9	45⅞[a]
1949	21,400,000	2,891,945,130	0.7	268,869,501	8.0	33⅜[a]
1948	20,200,000	3,300,785,651	0.6	365,604,976	5.5	35⅜[a]
1947	18,200,000	2,354,916,766	0.8	268,626,580	6.8	37[a]
1946	15,398,846	1,622,329,099	0.9	177,609,931	8.7	32¼[a]
1945	12,385,600	1,618,075,125	0.8	154,156,196	8.0	31⅛[a]
1944	11,043,900	1,638,706,158	0.7	155,396,460	7.1	26¼[a]

[a]Adjusted for stock dividends, splits, etc.

have increased the nation's wealth and improved its living standards to the highest in the world.

Year after year, hundreds of less dramatic—though valuable—products are developed or refined through applied research and development. In his latest annual report, for instance, Ralph J. Cordiner, President of General Electric Company, mentioned a conveyorized method of dip-soldering a television receiver chassis which permits 400 electrical connections to be soldered simultaneously, against the previous pliers and hand iron manual method. And, a highly-mechanized line produces switch boxes in 7 minutes which formerly took 22 days by hand.

Mr. Cordiner, incidentally, undoubtedly spoke for a great many other progressive corporations when he told GE share owners:

"Your management believes that there has been no more important activity than research and development in contributing to the past growth and insuring the company's future progress."

THE EXCHANGE Magazine is privileged to present the results of a special survey of the research activities of 14 leading American corporations. Most of this data has never been made public.

The 14 companies cited spent for research and development last year over $221,000,000. In 1952 they spent $196,000,000.

American Cyanamid boosted its expenditures for research and development by 245 per cent in the decade ending with 1953.

In the same interval. Union Carbide & Carbon showed an increase of 278 per cent in such spending, and Jersey Standard reported a rise of 163 per cent.

E. I. du Pont's 1944 research figures are not available, but last year's expenditures topped those for 1946 by 119 per cent.

The amounts shown in the tabulations probably under-state, rather than over-state, the sums spent

10-YEAR RECORD OF RESEARCH AND DEVE

Company	1953	1952	1951	1950
Allied Chem. & Dye	$14,500	$13,000	$11,000	$10,000
Alum. Co. of Amer.	7,400	6,000	5,800	6,900
Corning Glass Works	5,221	3,290	3,650	3,030
General Foods	4,000E*	3,400*	2,700*	2,600*
Gulf Oil Corp.	7,238	6,533	5,859	5,227
Johns-Manville	3,822	3,522	3,101	2,987
Minn. Mining & Mfg.	6,735	5,531	4,929	4,069
Owens-Ill. Glass	7,116	6,971	5,730	5,283
Pitts. Plate Glass	8,600	6,600	5,400	4,300
Socony Vacuum Oil	16,258	14,411	12,634	11,003

E—Estimated. * Fiscal year April 1 through March 31. N.A.—Not available.

to find new products and improve present ones, according to THE EXCHANGE Magazine's survey:

Standard Oil Company (New Jersey), for instance, made it clear that the figures shown for that company embrace only activities of Standard Oil Development Company, its wholly-owned research affiliate. They do not include expenditures carried on locally by affiliates in various countries.

The figures for E. I. du Pont exclude expenditures for development costs and costs of research facilities and laboratories.

The du Pont Company emphasized that "the bare figures for 'research' of one company compared to the figures for another company may not mean very much. Some companies include in research expenditures their major construction, product development, and perhaps other things."

Union Carbide & Carbon pointed out that the figures shown in its table here "are limited to 'research, experimental, and development expense,' and do not include * * * capital expenditures for research facilities and other property items."

Figures for Johns-Manville cover expenditures at that corporation's Manville, N. J., research center only, and do not include sums spent at plants or mines.

Aluminum Company of America said it is "constantly" undertaking activities of a developmental character which are not reflected in the figures given.

During the past decade, sales, profits and market prices of the common stocks of the companies in the accompanying tables have increased sharply.

If these gains cannot be attributed entirely to the sums spent on research and development, certainly such spending has helped.

The reason why more and more companies are spending larger sums each year on research and development seems obvious:

It pays off!

H AND DEVELOPMENT EXPENDITURES (000 OMITTED)

1950	1949	1948	1947	1946	1945	1944
$10,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6,900	$7,000	$6,700	$7,600	$7,000	$5,200	$3,600
3,030	1,930	1,633	1,559	1,915	1,178	N.A.
2,600*	2,400	2,000	1,800	1,500	1,200	1,200
5,227	4,814	4,412	3,436	2,754	2,251	1,884
2,987	2,894	2,533	2,037	1,732	1,402	1,243
4,069	3,519	3,366	2,539	1,994	2,048	1,548
5,283	4,967	5,311	4,887	4,105	2,731	2,104
4,300	4,500	4,000	3,200	2,200	1,600	1,500
11,003	11,270	11,166	10,757	8,977	7,711	6,190

CHRYSLER CORPORATION AND THE COMPETITIVE MARKET

By LESTER L. COLBERT
President, Chrysler Corporation

ANYONE who wants to get the feel of competition among industrial firms in this very competitive spring of 1954 should spend a few days in and around Detroit. This city has earned its reputation for having the world's most vigorous competitive climate; and throughout the postwar period, when competition is supposed to have eased up to some extent, every automobile company in the area has been working at the big job of getting ready for the kind of competitive conditions we have today.

Stimulating Atmosphere

At present, however, the stir of competitive activity and the generation of new ideas are more stimulating than anything we have seen in nearly twenty years.

And in the atmosphere of this intense competition the automobile industry is likely to make even more progress than in the period immediately behind us.

Two recent developments in Chrysler Corporation are characteristic of the positive and aggressive response being made by the industry generally to tougher competitive conditions.

One is the quarter of a billion dollar loan announced a few weeks ago, which will help the company accelerate the expansion and modernization of its facilities—including further automation—and thus help it cut costs further through even greater efficiency.

"Divisionalization" Plan

The other is the decision, made public in the company's annual report, to speed up its program of "divisionalization" which emphasizes competition and the profit motive in each of its operations.

Early in March we announced that the company had arranged a 100-year loan in the amount of $250,000,000 with the Prudential Insurance Company of America. The proceeds of the loan will be

received by Chrysler Corporation over a three-year period, commencing July 1, 1954. The interest rate is 3¾ per cent. At any time after January 1, 1962, however, the 100-year notes can be converted by either party into 20-year notes with equal annual sinking fund payments and with a reduced interest rate. Conversion on January 1, 1962, together with other provisions, would result in a cost to the company for interest and expenses about equivalent to that for a 3¼ per cent public bond issue maturing in 25 to 30 years. The company also has the privilege of repaying out of its own funds in any one year up to one-fifth of the total borrowed.

Earnings Invested

The favorable terms of this loan reflect the fact that Chrysler Corporation has reached its present position in the industry by sizable investments of its own earnings in expanded and improved facilities.

The company has had no funded debt since 1935, when the last of the debentures assumed in the 1928 Dodge purchase were paid off.

Since the end of World War II Chrysler has invested over $450,000,000 for improvements and additions to land, buildings, machinery and equipment, not including special tooling involved in model changes. Plant space has been increased by more than 90 per cent and total passenger car and truck capacity by more than a third.

Experimental Dodge sport roadster.

The corporation is continuing to modernize its facilities to take advantage of improvements in production technology.

Use of Automation

This includes automation—the more extensive use of automatic devices to reduce physical labor, improve accuracy, lessen cost, and increase productivity. The expenditures which have been made and may be made for such purposes, together with the requirements for additional working capital due to the expansion of sales volume over recent years and the return to more competitive conditions, make desirable the employment of additional funds in the business.

Near the end of last year the company purchased substantially all of the facilities of Briggs Manufacturing Company devoted to the manufacturing of motor vehicle bodies and components and aircraft fuselages and parts. This acquisition enables Chrysler Corporation to build all of its bodies within its own plants.

Briggs was paid $35,000,000 for the manufacturing facilities and an additional estimated $27,500,000 for commercial inventories on hand on December 29, 1953.

Lester L. Colbert has been president of Chrysler Corp. since 1950. Earlier he had headed the Dodge Division of the company. During World War II he managed the huge aircraft engine plant built by Chrysler for the Army Air Forces at Chicago. This plant—the largest World War II aircraft engine factory in America—surpassed every production schedule set for it by the Air Forces.

Mr. Colbert's first job, after graduation from Harvard Law School in 1929, was as a law clerk with a New York law firm. His abilities attracted the attention of top Chrysler officials, who brought him to Detroit as the corporation's resident attorney.

From the day Chrysler took over Maxwell Motor Corporation in 1925—with four plants, a payroll of 14,000 people, and a net worth of $37,000,000—until the present, when it has 52 plants, a payroll of 117,000 and a net worth of $570,000,000, it has operated under a relatively strong centralized control.

Ever since the first years of World War II, however, we have been moving in the direction of "divisionalization." And today we are accelerating our efforts to delegate more and more authority and responsibility to the divisions.

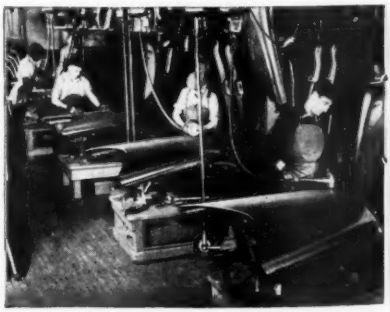
Our first move will be to delegate to the divisions the accounting functions formerly carried out by the corporation. Other changes will follow.

This realignment of authority and responsibility is being undertaken to enable the corporation's divisions to make more of their own decisions on such matters as merchandising, product design and development, market research, industrial relations, cost controls and procurement.

With greater autonomy in such matters will come increased competitiveness between divisions. And this is all to the good.

On the one hand it will mean the encouragement of the greatest possible drive and initiative on the

Buffing auto hoods.



part of our divisional executives.

And on the other, it will furnish an automatic test—the test of success in the competitive market—by means of which the areas of greatest strength and greatest potential in our operations can be spotted.

As a matter of fact, Chrysler Corporation today is far more decentralized than it was at the outbreak of World War II. Before the war it was the general practice for the plants to be operated by production men whose sole responsibility was to manage those plants according to rules and directions originating at headquarters.

Good Arrangement

This arrangement was well suited to a corporation of moderate size that had developed in the Twenties and early Thirties under the personal direction of Walter Chrysler and the group he had picked to assist him.

The war brought the first shifts in the direction of divisionalization of the company's operations. With widely different products being turned out in various parts of the country, it became impossible for one central staff to provide effective direction for all of the company's activities.

Authority Delegated

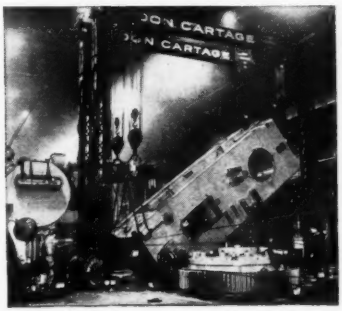
Authority and responsibility were delegated increasingly to heads of divisions; and this trend has continued in the postwar years.

Chrysler Corporation has done well under the type of organization established by Walter Chrysler and his great team. Last year the company did more than $3,000,000,000 worth of business, as compared with $745,000,000 in 1940, the year of Walter Chrysler's death.

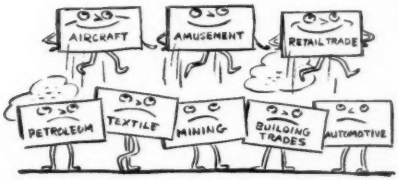
Our goal is to retain the advantages that go with size and at the same time encourage to the full the aggressive, forward-looking spirit among the key executives in all of our divisions. After all, it is this spirit which is the real strength of any company, particularly in a time of strenuous competition.

Grinding pistons for trucks.

Installing 6,000-ton press.



DIVIDEND PAYMENTS Reach Record High



CORPORATIONS listed on the New York Stock Exchange paid cash dividends to their common share owners amounting to $1,517,852,920 in the first three months of 1954.

That total set a new record high for any initial quarter, represented an increase of 11.2 per cent over the corresponding three 1953 months and marked the twelfth consecutive time in which first quarter cash dividends gained over the previous year.

The record total in the first 1954 quarter was not the result of additional listings, since the number of listed common stocks increased by only one to 1,068 on March 31, last, from 1,067 twelve months earlier.

Delayed Payments?

However, the first quarter dividend payments figure may have been swollen to some extent by the decisions of some listed corporations to make their 1953 year-end cash disbursements payable after the turn of the year, so that investors could pay taxes on them at the lower 1954 rates. Figures are not available as to how many companies adopted such a policy.

In any event, 79 per cent of the 1,068 common stocks listed when the first quarter ended—or 843 individual issues — paid cash dividends during the initial three 1954 months; whereas only 78 per cent of the 1,067 common stocks listed on March 31, 1953—or 831 individual issues—paid cash dividends in the first quarter of last year.

272 Pay More

Of the 843 common stocks which paid cash dividends during the first three months of the current year, 272 paid more than in the corresponding 1953 quarter, 515 paid the same in both periods and 56 paid less this year than last. In the accompanying tabulation, the total under the heading "less" is shown as 91, but that includes 35 common stocks which paid *no* cash dividends in the first three months of this year but which did pay in the same 1953 quarter.

As the table shows, 21 of the 27 groups increased their cash pay-

ments this year: while only six groups registered declines.

On a percentage basis, the largest increases were by aircraft, 100.6 per cent; amusement, 79.3, and retail trade, 51.7 per cent.

The largest declines were farm machinery, 27.6 per cent; U. S. companies operating abroad, 20, and office equipment, 6.5 per cent.

In dollars, the most impressive cash common dividend distributions during the first quarter of 1954 were $273,372,840 by 99 utility companies, $234,102,590 by 46 petroleum and natural gas enterprises and $152,641,900 by 72 chemical companies.

Every one of the 10 office equipment common stocks paid a cash dividend during the initial quarter of the current year, as did all of the 9 rubber company common issues.

Cash Dividends on N. Y. S. E. Listed Common Stocks
First Quarter 1954 vs. First Quarter 1953

	No. Issues Listed 3/31/54	Number Paying				Estimated Total Payments 1st Quarter 1954	Per Cent Change
		1st Q 1954	More	Same	Less		
Aircraft	26	15	7	6	3	$ 17,944,400	+100.6
Amusement	24	19	11	8	1	16,617,370	+ 79.3
Automotive	70	52	8	39	10	129,169,560	— 4.6
Building Trades	30	24	11	12	3	14,104,320	+ 8.5
Chemical	86	72	20	49	3	152,641,900	+ 10.6
Electrical Equipment	23	18	7	11	1	45,595,300	+ 24.1
Farm Machinery	7	6		1	6	13,007,400	— 27.6
Financial	33	22	9	12	2	32,369,250	+ 4.4
Food Products & Beverages	68	55	15	35	8	54,032,750	+ 14.6
Leather & Leather Products	9	7	1	6		5,460,390	+ 2.4
Machinery & Metals	107	88	33	53	6	55,815,400	+ 17.2
Mining	40	26	9	12	6	50,933,130	+ 7.1
Office Equipment	10	10	4	2	4	8,345,790	— 6.5
Paper & Publishing	37	32	15	15	2	30,517,630	+ 24.8
Petroleum & Natural Gas	51	46	12	34		234,102,590	+ 1.3
Railroad & Railroad Equip.	81	52	16	36	1	90,421,790	+ 26.6
Real Estate	10	7	3	4		3,635,550	+ 1.5
Retail Trade	71	59	14	38	9	103,183,100	+ 51.7
Rubber	9	9	3	5	1	13,708,250	+ 5.7
Shipbuilding and Operating	10	8	3	5	1	4,048,480	+ 17.6
Steel & Iron	37	28	8	19	3	67,693,350	+ 24.6
Textile	44	32	7	22	8	17,538,730	— 1.5
Tobacco	15	13	4	8	1	27,385,150	+ 15.3
Utilities	176	99	46	53	1	273,372,840	+ 10.4
Miscellaneous Businesses	23	19	5	13	2	11,419,350	+ 2.7
U. S. Co.'s Oper. Abroad	24	13	1	7	6	12,363,300	— 20.0
Foreign Companies	17	12		10	3	32,425,850	— 1.8
Total	1,068	843	272	515	91	$1,517,852,920	+ 11.2

An Investor's INVESTOR

ONE of the most popular stocks being purchased under the new Monthly Investment Plan is Tri-Continental Corporation. The company ranks with such favorites as Radio Corporation, American Telephone & Telegraph, General Motors, Dow Chemical, Standard Oil (N.J.) and U. S. Steel.

These are some of the issues favored by people who are buying stocks on a pay-as-you-go basis—$40 or $50 or $100 a month, or even every quarter, paid out of current income. Some 15,000 individuals are now buying securities under the Plan.

Professional Advice

Evidently a great many M. I. P. investors relied on professional advice in making their selections.

Some of our readers, it appears, never heard of Tri-Continental—and, actually, the name is scarcely

descriptive. A few of them went to the trouble of finding out that Tri-Continental is a closed-end investment trust, which left them a bit more in the dark than they were before.

You've probably heard a medical man referred to as a doctor's doctor—or a certain baseball pitcher as a ball player's ball player. Well, Tri-Continental and similar companies may be described as investors' investors. The assets of an investment company are used in just one way—to buy shares in other companies.

TRI-CONTINENTAL

10 Largest Listed Common Holdings

	Shares	12-31-53 Market Value
General Electric	75,000	$6,562,500
Minneapolis-Honeywell	84,000	5,691,000
Union Carbide & Carbon	63,000	4,677,750
E. I. du Pont	40,000	4,295,000
Amerada Petroleum	25,000	4,125,000
American Gas & Elec.	91,000	3,150,875
American Can	75,000	2,962,500
Pacific Gas & Elec.	75,000	2,934,375
National Lead	74,600	2,881,425
United Gas Corp.	100,800	2,822,400

U. S. & FOREIGN SECURITIES
10 Largest Common Holdings

	Shares	12-31-53 Market Value
Amerada Petroleum	75,000	$12,375,000
Sears, Roebuck & Co.	50,000	3,100,000
Standard Oil (N. J.)	37,110	2,671,920
Dow Chemical	66,625	2,531,750
Aluminium, Ltd.	40,000	1,920,000
Texas Co.	30,000	1,725,000
E. I. du Pont	16,000	1,712,000
Superior Oil (Calif.)	2,000	1,300,000
J. C. Penney	15,000	1,117,500
Abbott Laboratories	22,000	990,000

There's another kind of investment trust known as the open-end trust. Open-end trusts are not traded on any Stock Exchange because the number of their outstanding shares is constantly changing. This type of trust, in effect, makes its own market by buying and selling its own stock.

How does an investment company select the shares in which it invests?

A clear answer to that question appears in the 1953 annual report of a well-known listed investment company.

Basic Principles

This particular corporation, its president reported, "adheres to the basic principles of careful selection of investments, spread of investment risk over many different securities and constant and continuous supervision of securities owned.

"Broadly speaking, its goal is a carefully managed, simple, understandable list of investments that will produce good capital and income results. Like many other investment companies, it provides scope and quality of investment selection and management and a spread of investment risk * * *."

In all, 17 investment companies have common shares listed on the Stock Exchange.

Ten of these are cited in the large table on the next page, which gives the 1952-1953 price ranges of their common shares, prices at the close of the first quarter, cash dividend payments in the twelve months ended March 31, 1954, and yields.

Other Companies

The other seven listed investment companies are Atlas Corp., Graham-Paige Corp., Insuranshares Certificates, Inc., Lehman Corp., National Shares Corp., Newmont Mining and Webster Investment.

Some idea of the type of holdings of investment companies may be obtained from the five small tables which are scattered through-

AMERICAN EUROPEAN SECURITIES
10 Largest Common Holdings

	Shares	12-31-53 Market Value
Amerada Petroleum	15,000	$2,475,000
United Gas	19,387	542,836
American Nat'l Gas	8,000	326,000
Middle South Util.	12,000	324,000
Consumers Power	8,000	319,000
Northern Pacific Ry.	4,000	217,000
Public Serv. of Indiana	4,500	163,688
Continental Oil	3,000	156,000
Douglas Aircraft	1,800	148,725
Tennessee Corp.	3,570	147,263

GENERAL PUBLIC SERVICE
10 Largest Common Holdings

	Shares	12-31-53 Market Value
Texas Utilities	21,600	$1,042,200
El Paso Natural Gas	18,800	667,400
Central & South West	28,000	658,000
United Gas	22,000	616,000
General Public Util.	20,000	580,000
Middle South Util.	20,000	540,000
Gulf States Util.	20,000	530,000
General Telephone	11,000	489,500
Panhandle Eastern	6,500	455,000
Virginia Elec. & Power	16,000	434,000

CARRIERS & GENERAL
10 Largest Common Holdings

	Shares	12-31-53 Market Value
International Paper	8,250	$464,062
Standard Oil (N. J.)	6,000	432,000
E. I. du Pont	4,000	429,500
Sears, Roebuck & Co.	6,400	396,800
Union Carbide & Carbon	4,800	356,400
The Texas Company	5,000	288,125
American Gas & Elec.	7,200	249,300
Southern Company	15,000	241,875
National Lead	6,000	231,750
B. F. Goodrich	3,000	230,625

out this article. These tables show the 10 largest holdings of listed common stocks at the year-end—based on dollar valuations — of each of these five investment companies.

Yields of the 10 investment company common stocks shown in the large table range from 6.1 to 9.8 per cent.

Part of the cash common dividend payments appearing in the tabulation represent distribution of capital gains realized when the investment companies sold securities at a profit. That part of an investment company's common dividend payment representing capital gains is taxable to the investor receiving the dividend at a maximum effective rate of 25 per cent.

The reader should understand, of course, that nothing in this article is intended as a recommendation to purchase investment company common stocks.

10 LISTED INVESTMENT COMPANY COMMON STOCKS

Stock	Price Range 1952—1953 High	Low	Market Price 3-31-54	Cash Divs. Paid in 12 Mos. Ended 3-31-54	Per Cent Yield*
Adams Express Company	$35 3/8	$25 1/8	$31 3/8	$2.10	6.7%
American European Securities Co.	33 1/2	26	28 3/4	2.55	8.9
American International Corp.	23 1/2	16 1/2	20	1.60	8.0
Carriers & General Corp.	14 3/4	10 7/8	15	1.05	7.0
General American Investors Co. Inc.	31	20	23 3/4	2.23	9.4
General Public Service Corp.	4 3/4	3 3/8	3 3/4	0.30	8.0
National Aviation Corp.	25 5/8	19	25 5/8	2.50	9.8
Petroleum Corporation of America	23 3/4	17 1/4	22 3/8	1.70	7.6
Tri-Continental Corp.	17 7/8	13 3/8	18 1/4	1.11	6.1
U. S. & Foreign Securities Corp.	73	46	59 7/8	4.50	7.5

* Based on cash dividend payment in 12 months ended March 31, 1954, and 3-31-54 market prices.

THEY SELL IN Billions

THREE listed companies gained membership in the "Billion-Plus" group last year, and one dropped out of that select class.

The three additions—Republic Steel, Firestone Tire & Rubber and Union Carbide & Carbon—and the one subtraction—Montgomery Ward & Co.—brought to 29 the number of listed corporations with 1953 sales or revenues in excess of $1,000,000,000. This compared with 27 in 1952.

How They Rank

The 29 companies, their 1952 rankings in the billionaire derby and their sales or revenues, net profits and cash common dividend payments for the past two years are tabulated on the next page.

Combined 1953 sales or revenues of these 29 enterprises grew to $63,800,728,874—a figure roughly equivalent to $400 for every man, woman and child in the United States—from $56,997,769,698 in 1952. The increase amounted to $6,802,959,176, or 11.9 per cent.

Net profit of the 29 corporations improved to $4,164,869,898 last year from $3,696,933,042 the year before, a gain of $467,936,856, or 12.7 per cent.

The 1953 net of these 29 companies was equivalent to 6.53 per cent of their sales or revenues; whereas the ratio for the previous year was 6.49 per cent.

Only one of the 29—Armour & Co.—paid no common dividends in either 1953 or 1952.

GM Leads Again

General Motors Corporation further entrenched its position last year as the nation's foremost salesman. The giant motor maker's 1953 sales of $10,027,985,482 were nearly 33 per cent greater than in 1952, and exceeded the sales of the second and third companies—American Telephone & Telegraph and Standard Oil Company (New Jersey)—combined.

Of the 29 enterprises tabled, one had 1953 sales or revenues above $10 billion; two topped the $4-bil-

lion mark; three were over $3 billion each; four exceeded $2 billion, and the remaining 19 all had sales or revenues above $1 billion.

Besides chalking up the greatest amount of sales, General Motors' 1953 net profit of $598,119,478 was comfortably ahead of Jersey Standard's net of $552,825,969.

A. T. & T. ranked third, with 1953 net of $478,512,265; followed, in order, by E. I. du Pont and U. S. Steel—each with profits above $200,000,000.

No less than 10 other corporations in the tabulation below reported net profits last year in excess of $100,000,000.

LISTED COMPANIES WITH 1953 SALES OR REVENUE OF $1 BILLION OR MORE

	1952 Rank	Sales or Revenue (Millions of dollars) 1953	1952	Net Profit 1953	1952	Common Cash Divs. Paid 1953	1952
General Motors Corp.	(1)	$10,028.0	$7,549.2	$598.1	$558.7	$4.00	$4.00
American Tel. & Tel.	(3)	4,416.7	4,039.7	478.5	406.7	9.00	9.00
Standard Oil (N.J.)	(2)	4,137.7	4,050.8	552.8	520.0	4.50	4.25
U. S. Steel Corp.	(4)	3,861.0	3,137.4	222.1	143.7	3.00	3.00
Chrysler Corp.	(7)	3,347.9	2,601.0	74.8	78.7	6.00	6.00
General Electric	(6)	3,128.1	2,623.9	165.7	151.7	4.00	3.00
Sears, Roebuck	(5)	2,981.93	2,932.31	117.93	110.24	1.50	2.75
Swift & Co.	(8)	2,597.21	2,592.62	33.91	21.72	2.40	2.00
Armour & Co.	(9)	2,088.81	2,184.02	10.31	7.12	—	—
Bethlehem Steel Corp.	(10)	2,082.0	1,691.7	133.9	90.9	4.00	4.00
Safeway Stores, Inc.	(11)	1,751.8	1,639.1	14.5	7.3	2.40	2.40
du Pont de Nemours	(12)	1,749.6	1,602.2	235.6	224.1	3.80	3.55
Standard Oil Co. (Indiana)	(13)	1,709.5	1,592.1	124.8	120.0	2.50	2.50
Gulf Oil Corp.	(15)	1,640.9	1,528.8	175.0	141.8	1.92a	1.85a
Socony-Vacuum Oil Co.	(14)	1,606.6	1,560.6	187.3	171.1	2.25	2.00
Westinghouse Electric	(17)	1,582.0	1,454.3	74.3	68.6	2.00	2.00
Texas Company	(16)	1,558.8B	1,510.1	192.6B	181.2	3.40	3.00
Shell Oil Co.	(19)	1,269.6	1,142.6	115.4	90.9	2.96a	2.94a
International Harvester	(18)	1,256.11	1,204.01	52.01	55.71	2.00	2.00
National Dairy Products	(20)	1,232.1	1,141.3	30.8	27.8	3.00	3.00
Goodyear Tire & Rubber	(21)	1,210.5	1,138.4	49.3	39.0	2.91a	2.78a
Republic Steel		1,137.1	918.4	56.7	44.3	4.13	4.00
J. C. Penney Co.	(23)	1,109.5	1,079.3	38.5	37.2	3.50	3.25
American Tobacco Co.	(24)	1,088.4	1,065.7	41.2	34.1	4.00	4.00
Standard Oil Co. of Cal.	(27)	1,080.4	1,015.3	189.5	174.0	3.00	3.00
Kroger Company	(25)	1,058.6	1,051.8	12.5	12.1	2.00	1.90
Pennsylvania R. R.	(26)	1,034.4	1,028.8	37.0	37.0	1.50	1.00
Firestone Tire & Rubber		1,029.41	965.41	46.71	43.11	3.75	3.50
Union Carbide & Carbon		1,025.8	956.9	102.8	98.3	2.50	2.50

a—adjusted for stock dividends, splits.

B—Excludes wholly-owned subsidiaries operating in Brazil. 1—Fiscal year ended 10/31; 2—11/1; 3—1/31/54; 4—1/31/53.

69-Year-Old Chemical Concern Now Publicly Owned...

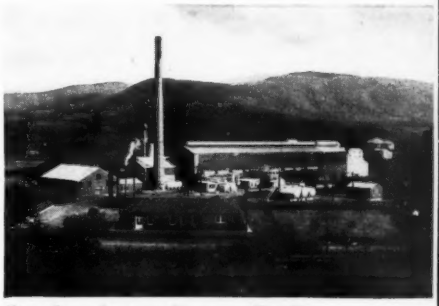
JOHN STAUFFER, the founder of Stauffer Chemical Co., traveled to San Francisco in 1885 as a sales agent for European manufacturers of heavy chemicals. In those days that California city was mainly a trading center. Merchandise was imported and sold at fancy prices. Pacific Coast grain was exported to England and continental Europe.

Mr. Stauffer noted that the grain vessels, on their return trip from Europe, often carried cliffstone as ballast. The chalk was dumped into the bay before loading with grain. Mr. Stauffer built a grinding plant, bought two shiploads of cliffstone and shortly offered good quality ground chalk—or whiting—at half the price of the imported product.

Merger Expansion

The fledgling concern expanded in the next few years—mainly through mergers with other chemical manufacturers. The present Stauffer Co. — whose 2,350,240 shares of $10 par value common stock (ticker symbol: STF) were listed on the Exchange April 19—was formed in 1895. By then the company was manufacturing sulphuric acid, salt cake, muriatic acid—used in processing metals—nitric and boric acids.

Soon the company was expanding to the east and the south, building plants in the midwest, on the Atlantic seaboard, in Alabama, Louisiana and Texas.



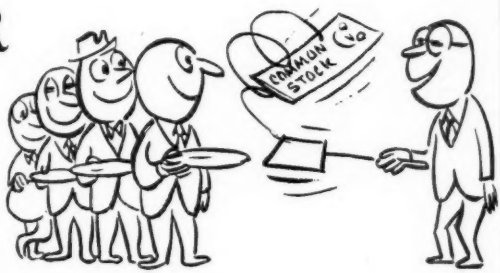
Stauffer plant at Bentonville, Va.

Today Stauffer and its subsidiaries operate 38 plants in 18 states. And, the company has substantial interests in 10 other chemical concerns.

Stauffer's net sales of $76,638,000 in 1953 were second best in its history — exceeded only by the $78,235,000 in 1951. Net income of $5,464,000 was equal to $2.31 a common share. The company had higher profits in only two years — $7,585,000 in 1950 and $6,694,000 in 1951.

Common stock was first offered the public last autumn. Today Stauffer has 3,040 share owners in 40 states. Quarterly dividends of 32½ cents each were paid on December 1 and March 1.

THE POPULARITY FACTOR



DOES ANY GROUP of listed stocks dominate trading on the Stock Exchange?

The answer to that question—so far as the last two years are concerned, at least—may be found in the table at the bottom of the following page. The figures in parenthesis after the name of each group represent the number of stock issues in that particular classification at the close of 1953.

Utilities Lead

Turnover in utility shares was the largest for any of the 27 groups in both years. Yet, volume for the utilities last year of 44,776,000 shares accounted for only 12.6 per cent of the total turnover of 354,851,000 shares. In the previous year, utilities accounted for 44,388,000 shares, or 13.1 per cent of the total 1952 volume of 337,805,000 shares.

Trading in railroad and railroad equipment stocks—36,159,000 shares—accounted for 10.2 per cent of the entire 1953 turnover; whereas this group's 1952 volume total of 38,375,000 shares represented 11.4 per cent of total turnover recorded that year.

The petroleum and natural gas group's 1953 turnover total of 28,814,000 shares accounted for 8.1 per cent of last year's volume, or a smaller proportion than the 1952 record of 28,409,000 shares and 8.4 per cent.

Only 9 of the 27 groups—aircraft, amusement, automotive, farm machinery, machinery & metals, mining, shipbuilding and operating, textiles, and miscellaneous—accounted for larger percentages of total trading volume in 1953 than they did in 1952.

Thirteen of the 27 groups accounted for a smaller proportion of all share trading in 1953 than they did the year before.

For five of the groups, ratios were identical in both years.

Seven Above 5 Per Cent

Only seven of the groups, or approximately 26 per cent of them, each accounted for 5 per cent or more of all 1953 share trading.

Those seven were utilities, railroad and railroad equipment, petroleum and natural gas, automo-

tive, chemical, machinery and metals and aircraft.

Of the remaining 20, no less than five—leather and leather products, office equipment, real estate, rubber and shipbuilding and operating—each accounted for less than 1 per cent of 1953 share volume.

There is, of course, a direct relationship between volume for any industrial group and the number of issues listed in that particular classification.

It would be surprising indeed if the utility group—with 189 stock issues listed at the end of last year—did not register a greater turnover than the office equipment classification of 11 issues.

Only six of the 27 groups in the table—utilities, machinery and metals, chemicals, railroad and railroad equipment, food products and beverages and retail trade—each had over 100 different stock issues listed at the close of 1953.

Share Turnovers By Industrial Groups

	1953		1952	
	Shares*	% of Total	Shares*	% of Total
Aircraft (31)	18,975	5.3	14,661	4.3
Amusement (30)	16,891	4.8	15,100	4.5
Automotive (84)	26,462	7.5	21,045	6.2
Building Trades (42)	5,926	1.7	6,047	1.8
Chemical (130)	23,942	6.7	23,342	6.9
Electrical Equipment (32)	7,913	2.2	7,465	2.2
Farm Machinery (14)	4,365	1.2	3,446	1.0
Financial (46)	8,339	2.4	8,277	2.5
Food Prods. & Beverages (102)	15,933	4.5	15,235	4.5
Leather & Leather Prods. (14)	745	0.2	777	0.2
Machinery & Metals (142)	22,462	6.3	20,572	6.1
Mining (51)	15,472	4.4	13,681	4.0
Office Equipment (11)	1,916	0.5	1,856	0.5
Paper & Publishing (54)	7,274	2.0	8,006	2.4
Petroleum & Natural Gas (59)	28,814	8.1	28,409	8.4
Railroad & Railroad Equip. (129)	36,159	10.2	38,375	11.4
Real Estate (14)	2,165	0.6	2,872	0.9
Retail Trade (108)	11,497	3.2	11,080	3.3
Rubber (14)	3,265	0.9	3,310	1.0
Shipbuilding and Operating (12)	2,023	0.6	1,385	0.4
Steel & Iron (53)	14,088	4.0	13,580	4.0
Textile (65)	10,042	2.8	8,445	2.5
Tobacco (27)	4,365	1.2	4,527	1.3
Utilities (189)	44,776	12.6	44,388	13.1
Miscellaneous Businesses (28)	4,684	1.3	3,412	1.0
U. S. Co.'s Oper. Abroad (29)	8,658	2.4	9,729	2.9
Foreign Companies (20)	7,700	2.2	8,783	2.6
Total	354,851	100.0	337,805	100.0

* Reported share volume in thousands.

NEWLY-LISTED UTILITY GROWS WITH SAN DIEGO

San Diego Gas & Electric Company's job is to supply light, heat and power to a metropolis which claims to be the fastest-growing city in the United States. Between 1940 and 1950, the population of San Diego increased 58 per cent to 321,485 from 203,341.

Since 1948 San Diego Gas & Electric has built three new generating units with a total capacity of 198,000 kilowatts, and it plans to add another 212,000 kilowatts of generating capacity by 1956.

New Customers

The utility — whose 3,200,000 shares of $10 par value common stock (ticker symbol: SDO) were listed on the Stock Exchange April 7—has gained 64,000 new electric service and 55,000 new gas customers since 1948. These increases brought the totals to 226,000 electric and 130,000 gas customers.

San Diego business district.

The company's present generating capacity is 354,000 kilowatts, and it can deliver 95,000,000 cubic feet of natural gas daily.

Aircraft manufacturing is the principal industry of San Diego County, which has a population of 780,000. Consolidated Vultee (recently merged with General Dynamics), Solar Aircraft, Ryan Aeronautical and Rohr Aircraft all have plants in the county. Moreover, the county ranks thirtieth among the nation's 3,069 counties in value of agricultural products.

A $400,000,000 naval establishment is located in San Diego.

Record Earnings

The utility's earnings reflect the growth in the area served. Last year, revenues and profits reached new highs. Operating revenues increased to $36,187,000 from $33,315,000 in 1952; while net income gained to $4,628,000, or $1.16 per common share, from $4,581,000, or $1.14 a share.

San Diego Gas & Electric boosted common dividend payments to 70 cents per share in 1953 from 60 cents in 1952. Disbursements of 20 cents each were made January 15 and April 15, this year.

The company has more than 21,000 common share owners.

Share Owner *LEADERS*

EARLY THIS year 10 corporations had a combined total of 3,324,165 common share owners.

Shown in the accompanying tabulation, these 10 top all other companies listed on the Stock Exchange in respect to number of common stockholders.

The 3,324,165 total—undoubtedly including considerable duplication, since it is certain that many investors own shares in two, three or more companies—was 59,345, or 1.8 per cent, larger than the combined number of common stockholders for the same 10 corporations a year earlier.

It will surprise no one that American Telephone & Telegraph Co. had more common share owners early in 1954 than any other listed company—just as it has led the parade for a number of years.

Actually, the A.T.&T. figure of 1,265,461 was 61 per cent of the total for the other nine companies combined. A.T.&T.'s gain in share owners over a year earlier amounted to 3.7 per cent, compared with only 1.8 per cent for the 10 companies combined.

Seven of the 10 companies shown in the table added new common share owners in the latest 12-month period.

The three which lost stockholders were Pennsylvania Railroad, Radio and General Electric.

In the five-year period ending early this year, the 10 corporations registered a combined increase of 544,551 common share owners, or 19.5 per cent. In the same interval, A.T.&T. added 435,963 stockholders, a gain of 52.5 per cent.

Four of the companies—Cities Service, Pennsylvania Railroad, Radio and General Electric—had fewer share owners early this year than they had five years ago.

10 Leading Listed Companies in Respect to Stockholders

Company	Number of Common Share Owners Early in Year				
	1954	1953	1952	1951	1950
American Tel. & Tel. Co.	1,265,461	1,220,509	1,092,433	985,013	829,498
General Motors Corp.	466,155	459,777	452,451	428,255	402,970
Standard Oil Co. (N. J.)	284,290	271,911	253,214	222,064	215,010
General Electric Co.	246,467	249,595	254,467	250,763	250,075
U. S. Steel Corp.	230,048	225,439	214,534	202,555	185,479
Cities Service Co.	192,900	192,052	201,531	213,970	232,448
Socony-Vacuum Oil Co.	175,133	173,401	156,904	158,327	159,737
Pennsylvania R. R. Co.	164,887	170,836	179,908	189,776	199,850
Radio Corp. of America	163,572	167,219	171,656	173,680	180,635
Consolidated Edison Co. of N. Y.	135,252	134,081	132,844	122,849	123,912

What do women think of stocks?

[ONE-MINUTE INTERVIEWS]

MRS. AGNES R. DAVIS, *Housewife, Oakland, California*

"Owning stocks gives me a real interest in the world of business. I have great confidence in my broker. He helps me buy shares in solid dependable companies and makes good suggestions on what to buy and when."

CAROLYN HUTCHINS, *Script Coordinator, Pittsburgh, Pa.*

"To me stocks offer the investment a woman wants. It's nice to know I own part of a big company that is making money. I buy more shares every time I have money to spare and I am counting on the dividends to add to my income when I retire."

GERTRUDE WEBER, *Buffalo, New York*

"Lots of women buy stock just to get dividends. I like owning stock in a company that is going ahead. It's exciting to watch it grow. If a company doesn't make good progress, I have the broker sell the stock, and we pick another."

Ever wish you could talk to someone about stocks? Find out what profit they are making? What dividends they earn? Which seem to be headed up in value?

Lots of people wish there were some place they could get honest opinions and advice about stock. Well, there is. Any member firm of the New York Stock Exchange is glad to help you without charge. Just write or call. They'll answer your questions about investments.

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